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11 April 1961

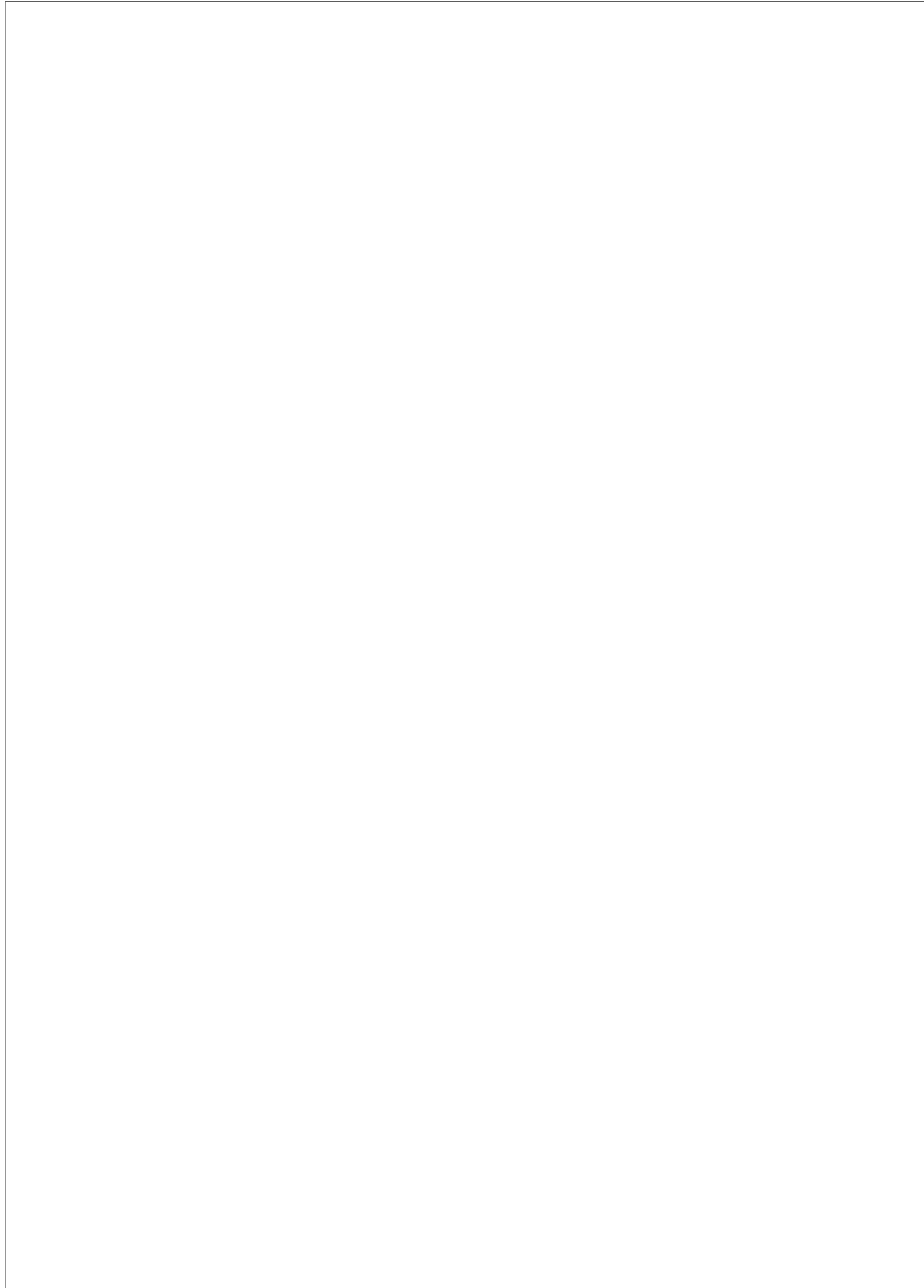
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CENTRAL INTELLIGENCE BULLETIN



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LATE ITEM

(Information as of 0600 EST, 11 April)

break

*USSR: There is no basis [redacted]
to support rumors rampant in Moscow throughout 10 April of
a successful Soviet man-in-space effort. [redacted]

[redacted] intention to impact the vehicle in Kamchatka rather
than to place it in orbit. This event was not accompanied by
activation of tracking and direction finding facilities and search/
recovery aircraft associated with previous life-bearing satel-
lites this year. For these reasons, among others, we also be-
lieve it extremely unlikely that the 9 April launching involved
a sub-orbital manned flight. *no*

Moscow has so far maintained an official silence on the
rumors which apparently originated and gained momentum
within the Moscow press corps--both western and Soviet. Ex-
haustive inquiries by western correspondents have failed to
substantiate the rumors. Leonid Sedov, a Soviet scientist
closely associated with Moscow's space program who is currently
in the US, last evening categorically dismissed as untrue US press
headlines he was shown which alleged that the USSR had or-
bited a man. Sedov had earlier in the day indicated no surprise
when shown initial press releases concerning the rumors, but
declined to comment before consulting the Soviet Embassy in
Washington.

There is evidence [redacted]
of continuing preparations for a space program launching at-
tempt expected within the next day or two. Reports from west-
ern press services in Moscow that Soviet radio and television
staffers have been placed on a 24-hour alert may be related
to this activity. [redacted]

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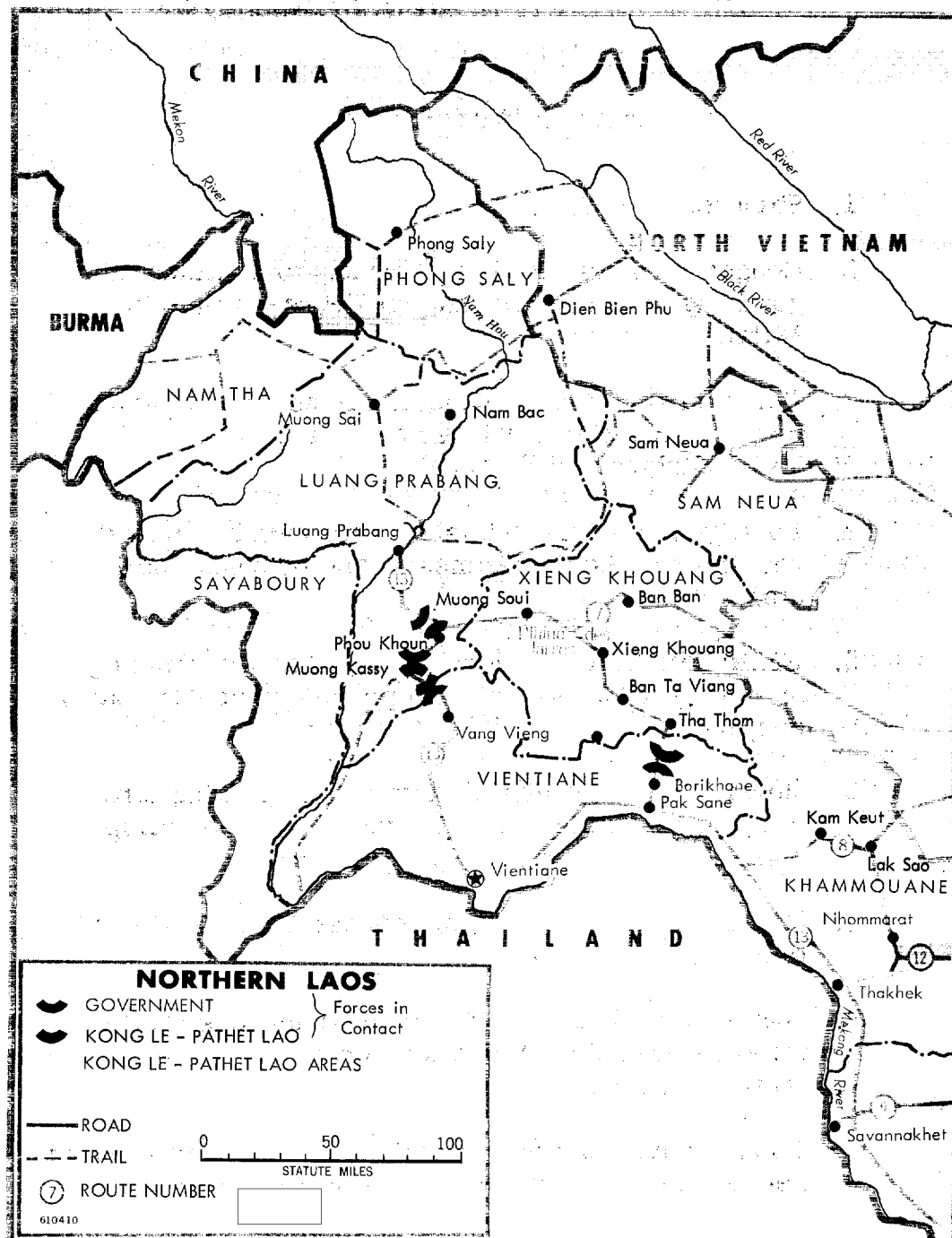
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3. Communist China: Indonesian President Sukarno may try to act as intermediary for Peiping while in Washington. (*Page ii*)
4. Portugal: Defense Minister Moniz again demands reforms in Lisbon's domestic and overseas policies. (*Page iii*)
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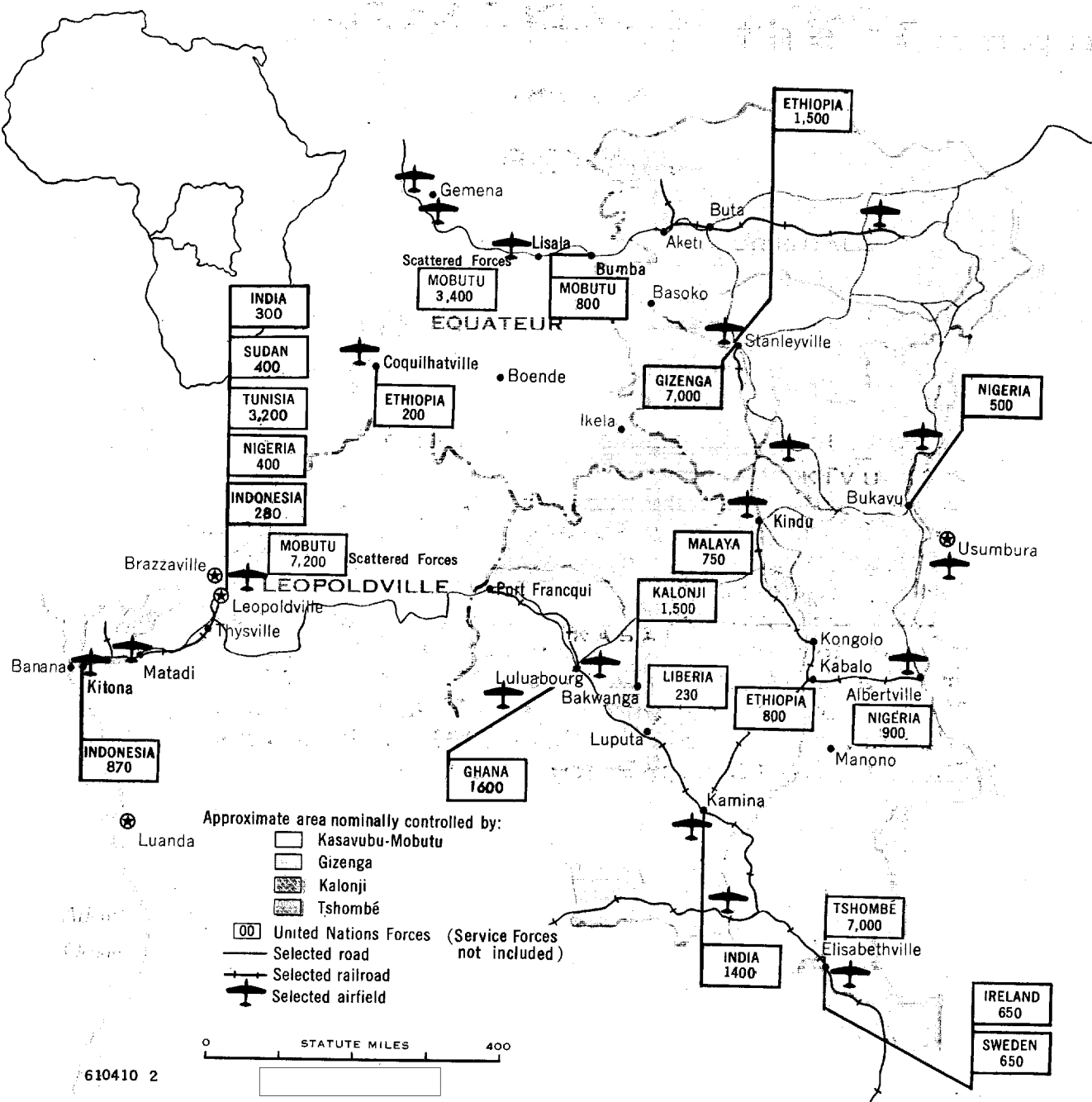
DAILY BRIEF

[] Laos: In the Pak Sane area, government troops have been ordered to conduct patrol activity and to improve defensive positions. Government patrols probing enemy locations a few miles east of Nhommarat on 9 April were fired on by an enemy force of unknown strength, supported by 120-mm. mortars.

[] Former Premier Souvanna Phouma has altered his itinerary to include a visit to the US from 18 to 20 April; originally he was scheduled to be in Moscow from 16 to 20 April, but now will leave there on 18 April and return after visiting Washington. []

[] (Backup, Page 1) (Map)

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CENTRAL INTELLIGENCE BULLETIN

Map Page

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Congo: [Hammaraskjold told a group of Western representatives on 8 April that Kasavubu's recent letter, which suggested a phased entry of a UN police unit into Matadi, was unsatisfactory. He said that Canadian communications personnel, who would be essential to any military movements through the port, would refuse to go back under such an arrangement. However, he stated that the Kasavubu reply did not warrant strong UN action and implied that he hoped to gain further concessions from the Congolese by negotiation.]

[Cairo will be rebuffed in its attempts to obtain Sudanese permission to extend the UAR civil air route to Stanleyville. A Sudanese official, answering the UAR ambassador's request for overflight and stopover privileges, reiterated Khartoum's position that only UN flights would receive transit rights, stating that similar requests from Belgium and Czechoslovakia had been turned down. The UAR request was to be submitted to the Sudanese Council of Ministers, but the ambassador was pessimistic over the chances of success.]

*The 2,300-man Indian UN contingent destined for Katanga remains on shipboard off Dar es Salaam pending a decision in New York concerning its disposition. A UN plan to airlift the contingent into Katanga is stymied at present by the unavailability of aviation fuel in Dar es Salaam and by the inadequacy of the local runway. (CONFIDENTIAL) (Man)

Communist China - United States: Following recent talks with Chinese Communist Foreign Minister Chen Yi, Indonesian President Sukarno stated that his visit to the US on 24-25 April will have a "profound effect" on Peiping's relations with the rest of the world.

[felt it was virtually certain that Sukarno, with the knowledge and approval of Chen Yi, would bring up with President Kennedy the subject of Peiping's entry]

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[into the UN, ways and means of improving Sino-American relations, and other similar subjects.]

The Chinese Communists would be happy to have Sukarno argue their case in Washington along lines Chen discussed during his Indonesian visit. At that time, Chen expressed regret over the state of Sino-American relations, suggesting that the sole reason for the impasse was the "hard-boiled" and inflexible US stand on Taiwan. As he did in a March conversation with a Swedish diplomat, Chen implied that the next move is up to the US. He proposed that the withdrawal of the US Seventh Fleet from the Taiwan Strait "ought not be a difficult thing," presumably as the first step toward a complete withdrawal of US support of the Chinese Nationalists.]

Portugal: Defense Minister Botelho Moniz repeated to President Thomaz on 5 April the demands he made on 28-29 March to Premier Salazar for immediate reforms in Portuguese domestic and overseas policies. Salazar has not yet replied to these demands and,

Moniz will "very soon" send an ultimatum to Thomaz that unless he pushes Salazar aside the military will take over the government. The defense minister, who is reported confident of complete military backing, has thus far not acted as vigorously as he had indicated in February;

Moniz now realizes he must follow through or simply become "another revolutionary-minded general without portfolio or stature in the country."

(Backup, Page 3)

USSR: Khrushchev left Moscow on 8 April for a vacation on the Black Sea coast--his first since early last November. He was prevented by a heavy schedule, including the Moscow conference of world Communist leaders and his extensive tour of agricultural troublespots, from taking his customary midwinter rest. Although he has shown some signs of fatigue in recent

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months, the Soviet premier's health has apparently been reasonably good since a brief attack of flu last December.

Khrushchev indicated earlier that he intended to set aside most of his vacation time for work on the new party program--an outline of long-range Soviet goals and strategy to be presented to the 22nd party congress in October. He will probably not return to the Soviet capital much before the opening of May Day ceremonies and will thus have spent more than half of the first four months of the year away from the center.

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Japan: Prime Minister Ikeda faces growing difficulty in maintaining unified support of the ruling Liberal-Democratic party as faction leaders begin maneuvering to improve their positions to influence the selection of new party officers expected in July. Ikeda will probably reshuffle his cabinet at that time in an effort to consolidate the support of party leaders for his programs. Ikeda's term as party president extends until July 1962, and his tenure as prime minister is not expected to be challenged this spring. However, his ability to deal firmly with controversial issues and the longer range stability of his government will depend on the control he establishes in the next few months. Liberal-Democratic faction leaders, relatively cooperative with Ikeda since the November election, have begun questioning his positions on relations with Communist China, domestic economic development, and settlement for economic aid received from the US during the postwar occupation. Faction leader Ichiro Kono is visiting New York and Washington between 8 and 16 April "assessing American attitudes on the China issue." Other Ikeda rivals have planned trips abroad to increase their prestige and to avoid eclipse by Ikeda's visit to the US in June.

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(Backup, Page 4)

Pakistan: The Pakistani military regime is concerned over signs of growing discontent. Karachi police have again

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clashed with college students demonstrating against the sentencing of eight student leaders by a military court for fomenting a riot in late February. This student unrest is apparently symptomatic of more widespread dissatisfaction over the regime's failure to make more rapid progress in implementing promised reforms, particularly regarding return to constitutional government. President Ayub has postponed his plans to visit Australia in May and is touring the country to rouse support for his government's programs. [REDACTED] (Backup, Page 6)

Guatemala: For the first time since the fall of the pro-Communist Arbenz regime in 1954, most top leaders of the Guatemalan Labor (Communist) party are back in the country, actively reorganizing their party and strengthening their influence in labor groups and front organizations. Their operations have been facilitated by President Ydigoras' divide-and-rule tactics which have weakened the opposition Revolutionary party, the Communists' most powerful political adversary. Ydigoras has maintained the stability of his conservative regime in large part by such maneuvers, and his avowed anti-Communist stand has not prevented him from occasionally working with the Communists when he thought he could use them. [REDACTED] (Backup, Page 7)

Ecuador-Cuba: Ecuadorean Foreign Minister Chiriboga, in a note to Cuba, in effect rejected the Cuban view that the Organization of American States is an ineffective body for dealing with Cuba's current complaint against the United States in the UN General Assembly. In his note, Chiriboga said that, while "recognizing that the OAS is not perfect," Ecuador continues to adhere to the principles of the inter-American system. He added that the OAS was established to resolve hemisphere problems. This formal diplomatic note of Chiriboga, a leader of the anti-Castro faction in the Ecuadorean Government, may not, however, reflect the present views of President Velasco, who has followed an equivocal policy toward the Castro regime. [REDACTED] (Backup, Page 8)

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~~TOP SECRET~~Situation in Laos

General Phoumi, despite his recent allusions to the need for a political settlement of the Laotian crisis, apparently remains convinced that military action is the only way to prevent a Communist takeover. He recently told an American Embassy official that he was fighting a last-ditch battle to keep his "tough" policy alive. He expressed the belief that the Laotian Army, "properly armed" and with the aid of American and Thai troops to offset North Vietnamese forces in Laos, could bring about a decisive military victory which would restore popular confidence in Vientiane.

At odds with Phoumi's appraisal, [redacted]

[redacted] the cautious and defensive-minded attitude of the Laotian Government. [redacted] the government forces are remaining vigilant, "despite the weakness of our positions, which makes it seem advisable for us, for our part, to begin to cease hostilities."

[redacted] In a 10 April conversation with Ambassador Thompson, Gromyko repeated the line Deputy Foreign Minister Pushkin had taken with the UK ambassador in an earlier discussion of the British proposals on Laos. Gromyko remarked that the USSR hoped to have a reply to the proposals very soon. He said he was sure that the Laos problem could be satisfactorily settled if the US carried out its announced principles toward Laos. Gromyko remarked that he had the impression that things were calmer in Laos now but urged that it was most important that no action be taken to disturb the situation.]

A French Foreign Ministry official on 7 April outlined his government's preliminary thinking on matters to be dealt with at a conference on Laos. He sees the main problem in the international sphere to be finding means of guaranteeing a status for Laos giving it unity, independence, and neutrality. France favors doing this through a unilateral declaration, as advocated by Souvanna Phouma, rather than with a multilateral document which would provide too many opportunities for outside interference. The French spokesman said he envisages that the future

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Laos would have regular diplomatic relations with Peiping and Hanoi as well as with other participants of the conference.

Paris believes that the Geneva framework is desirable for handling military assistance and suggested bilateral arrangements for dealing with economic aid. Regarding Lao-tian internal affairs, France supports the formation, before the conference opens if possible, of a Government of National Unity headed by Souvanna Phouma. [REDACTED]
[REDACTED]

[REDACTED] [Soviet transports flew at least 20 sorties into Laos on 8 April, 10 of which were to the Nam Bac area. The following day only one Soviet IL-14 was noted in flight to Xieng Khouang, probably because of poor weather conditions. On 10 April, 13 flights were scheduled to Xieng Khouang.] [REDACTED]
[REDACTED]

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Portuguese Defense Minister Pressing President to Install New Cabinet

[President Thomaz, who had been informed by Salazar of the latter's meeting with Moniz on 28-29 March, reportedly has not reacted to the demands put to him by Moniz on 5 April for extensive policy changes.]

[Moniz' next step will be to send a trusted emissary to inform Thomaz that the army means business and that he must use his presidential authority to replace the prime minister, after explaining to Salazar that a military takeover is the alternative to retirement. There is some reason to believe that this emissary has already talked with Thomaz without result.]

[Moniz and the military would reportedly back a new cabinet named by Thomaz. It would have to be broadly based to include various factions within the government. Marcello Caetano, former minister of the presidency, is mentioned as a successor to Salazar, as is Finance Minister Antonio Pinto Barbosa. Moniz, however, is not optimistic of action from Thomaz, who was hand-picked by Salazar as party candidate for the presidency in June 1958]

[Moniz has on previous occasions failed to follow through on demands for policy changes. In mid-February he is said to have given Salazar a virtual ultimatum that if the government did not undertake socio-economic reforms in the African provinces before the UN General Assembly reconvened on 7 March, the Defense Ministry would "take the matter into its own hands."]

[It is possible that Salazar may try to forestall further moves on the part of Moniz by a cabinet reshuffle. A "remodeling" reportedly was under consideration in mid-March for the latter part of the month and was then postponed until after French Foreign Minister Couve de Murville's visit to Lisbon on 8 April.

[the National Union, which is the only legal political party, the international security police (PIDE), and the rightist National Front, considered as a backer of former Defense Minister Santos Costa, expect to profit by changes and might react unfavorably if their interests suffered significantly.]

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~~SECRET~~Japanese Prime Minister Faces Political Test

Ikeda has hoped since coming to power last July to avoid controversial issues at least until late 1961. However, faction leaders within the LDP as well as the opposition Socialists are maneuvering to force him to come to grips shortly with major issues.

[A Liberal-Democratic party (LDP) official has called the China question "perhaps the most critical problem facing Ikeda." LDP leaders agree that the issue--particularly the questions of a government-to-government trade agreement and admission of Communist China to the UN--is more political than economic, particularly since poor economic conditions in mainland China have decreased the interest of large Japanese industries in the Chinese market. However, some of Ikeda's conservative rivals may try to improve their own political positions by appealing to small producers still interested in trade with the mainland and by exploiting the popular desire for an independent Japanese policy toward Peiping. These leaders have predicted that the US will change its China policy and have emphasized that alignment with Washington has alienated Japan from the increasingly influential Afro-Asian bloc.]

[Tokyo is reported ready to begin negotiations on Japan's obligations for postwar aid soon after Ambassador Reischauer arrives in mid-April. The US has asked Japan to repay about \$650,000,000 of the \$2,000,000,000 in assistance provided between 1945 and 1952 under the Government and Relief in Occupied Areas program. Many conservatives as well as the Socialists oppose repayment, on grounds that the Japanese believed the aid was a grant rather than a loan. The Japanese press reported on 6 April that Finance Minister Mizuta hopes to hold repayments below \$500,000,000--a figure \$50,000,000 below Japan's lowest informal offer. Such reports may strengthen public support for those who oppose any settlement and thus hamper Ikeda's ability to negotiate a compromise satisfactory to the US.]

By trying to prevent the re-emergence of the two major intra-party coalitions that characterized Prime Minister

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Kishi's administrations, Ikeda has tried to minimize the factionalism within the LDP that helped topple Kishi last spring. He has included representatives of all major factions in his cabinet, but his own advisers are divided over continuing this policy.

[Three of the eight faction leaders constitute the chief threat to Ikeda's leadership. Eisaku Sato, former finance minister and Kishi's brother, has supported Ikeda so far but now believes he himself has the best chance to take Ikeda's place as the next prime minister. His continued support and participation in the new cabinet will depend on his assessment of prospects for Ikeda's tenure.]

[Takeo Miki, a former minister of trade and industry, aspires to the position of foreign or finance minister in the new cabinet but has said he will not participate unless Ikeda gives "serious attention" to the China question. He is a liberal whom Kishi has characterized as "the most dangerous man in the party" and the leader least committed to the US-Japanese relationship.]

Ichiro Kono, perennial troublemaker for prime ministers, has frequently advocated closer relations with Peiping and Moscow. Kono has been lying low since an abortive attempt to form a new conservative party last August and has privately pledged to support Ikeda. [His real purpose, however, could be to split the LDP and emerge as the architect of a new conservative party.]

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Pakistani Military Regime Concerned Over
Growing Discontent

The Ayub regime for some time has not displayed the energy of its early months following the army takeover in 1958. There have been no "milestones of progress" since the Indus waters settlement with India in September 1960. Furthermore, the government seems to have relaxed its efforts to generate public support for its policies.

In recent months the government has tolerated more press criticism, and some newspapers appear to have been discreetly encouraged to question Pakistan's basic foreign policy of alignment with the West. In late February, student demonstrations condemning Lumumba's assassination and anti-Moslem riots in India were tolerated, but these got out of hand and ended in clashes with the police. Pakistani authorities are now trying to reassert firm control without sparking further clashes.

Rising prices of basic commodities, following the lifting of price controls on such items as cotton and wheat, are also generating discontent. There is growing impatience with the slow progress being made in putting the local government councils, elected in January 1960, to work. The intelligentsia, including students, lawyers, and journalists, have been looking forward to a return to the promised "constitutional" government and have become increasingly frustrated by the delays in publishing the report of the Constitutional Commission, now due in April.

President Ayub probably remains Pakistan's most popular figure, but in recent months he has been absent from the country on trips to Europe and the Far East. His decision not to go to Australia suggests he feels it necessary to exploit his popularity to bolster the regime's standing.

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~~SECRET~~Guatemalan President's Tactics Indirectly Benefit Communists

Ydigoras, now midway in his six-year term, has survived almost constant plotting from both right and left by manipulation of his opponents--distributing graft and favors and maneuvering them into fighting among themselves. In so doing, he has weakened the opposition Revolutionary party (PR), a strong, moderate leftist and anti-Communist party and the only political group with at least some degree of mass support. Ydigoras, now benefiting from a gradual economic upturn, is in a relatively strong domestic position at the present time.

The Communists, who probably regard the PR as their most potent adversary, are active in several competing leftist splinter parties at least partially fostered by Ydigoras. The weakening of the PR and its capable leader Mario Mendez Montenegro serves not only Ydigoras' principal goal--staying in power--but also the Communist objective of regaining control of the strong and widespread leftist-nationalist movement that formed the political base of the pro-Communist Arbenz regime of 1951-1954. Ydigoras maintains that his legal powers to control Communist activities have recently been weakened by Congress' watering down of anti-subversive legislation he had submitted to it.

Former President Arbenz, now the honored guest of the Castro regime in Cuba, is reliably reported to maintain contact with his partisans in Guatemala, though he is generally discredited among most non-Communist Guatemalans. Ydigoras is one of Castro's chief targets in Latin America. The Cuban premier has repeatedly accused him of aiding Cuban "counter-revolutionaries."

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~~TOP SECRET~~Cuba's Complaint Against the US in the UN General Assembly

[The US delegation in New York reported on 5 April that it seemed likely that the Latin American states are prepared to vote against any Afro-Asian resolution on Cuba "which goes too far" and that these states in any event would consult with the United States before co-sponsoring or attempting to amend any milder resolution that may be introduced/

However, the Ecuadorean Government,

informed its UN representative that after the US-Cuban situation "is perfectly clarified, it is certain we can co-sponsor the Afro-Asian plan provided Mexico or some other important Latin American country subscribes to it."

It seems unlikely that any major Latin American country would co-sponsor such a resolution at this time. However, Brazilian President Quadros, in a memorandum to his acting foreign minister, stated that Brazil would consider on its own merits any proposal presented in the UN on the US-Cuban problem.

Ecuadorean President Velasco has vacillated on policy toward Cuba, which is openly backing Ecuador in its boundary dispute with Peru. The Cuban issue has led to sharp division between pro- and anti-Castro political groups in Ecuador and provoked Chiriboga's threat to resign in early March.

Cuba's efforts to induce one of the more radical African states to sponsor a draft resolution on its complaint against the US in the UN General Assembly have met with opposition from the UAR.

"it is illogical that one nation would submit a complaint which concerns another. Rather, a sounder course would be for Cuba to submit its complaint. Otherwise, its argument will be weakened." However, the UAR and other members of the Afro-Asian bloc would probably support the draft resolution being circulated by Indonesia which calls for bilateral discussions between the United States and Cuba to settle their differences.

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The Department of State

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The Under Secretary of State

The Director, International Cooperation Administration

The Deputy Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Administration

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

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The Secretary of the Treasury

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Assistant Secretary of Defense (International Security Affairs)

The Assistant to Secretary of Defense (Special Operations)

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Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

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